

1. Business eFile Number (BEN) and Withholding Permit Numbers Questions

- Where do I find my withholding permit number?

The withholding permit number is located on the withholding returns you submit through the eFile & Pay system either on a quarterly, monthly, or semi-monthly basis.

- Where do I find my BEN?

The BEN is an 8-digit credential the Department assigns to business taxpayers, service providers, and 3rd party transmitters. It is used to sign into eFile & Pay. The 8-digit credential you use to sign into eFile & Pay to file returns is your BEN.

- How do I get a withholding permit number?

To apply for a withholding permit number, you must fill out the Iowa Business Tax Permit Registration form. You can do this online. This link provides additional information on whether or not you need a withholding permit:
<https://tax.iowa.gov/iowa-withholding-tax-information-booklet>.

- How do I get a BEN?

The BEN is provided after you apply for your withholding permit number. Please see previous question.

- How long does it take to get a bulk filer BEN?

It takes 4-6 weeks to receive a BEN and/or a withholding permit number.

- Will I have enough time to get a withholding number to be able to file W-2s with Iowa on time?

You should have enough time to get a withholding number. If you do not, you can request an extension at: <https://tax.iowa.gov/webform/application-extension-time-file-iowa-w-2-wage-statements>.

- Is my current BEN number the same as the withholding permit number?

No. A BEN is an 8-digit credential Iowa assigns to business taxpayers, service providers, and third-party transmitters. The withholding permit number is a 12-digit number Iowa assigns to taxpayers who submit withholding returns and it is located on those withholding returns.

- Do I need to register for a different BEN specifically for the W-2 filing?

No. You must use your current BEN.

- Can I submit W-2s through my client's BEN login?

It is possible to do this, but whether or not you may is between you and your client.

- We are accounting firm, but we file all of our client's W-2s separately for taxes. Do we need a bulk filer BEN?

No. Some clients set up a sub-user credential under their own BEN for their accountant to use; this is perfectly acceptable and maybe even preferable as it empowers the client to revoke the accountant's access.

- On the W-2's, what number goes into Box 15? Is that where the 12 digit number goes?

Regarding the printed 2016 W-2 given to employees, when Box 15 State is "IA," the Employer's state ID number is the 12-digit Iowa Withholding Permit Number.

- We prepare several hundred 1099s and no one has state withholding - EVER in 20 years. Our software provider is working with Iowa on an upload format for 2017. It's our understanding that these individuals will now be required to obtain a BEN. If there is no withholding, what is the benefit of requiring these individuals to obtain a BEN? We know this is a new process, however, there is still time to change this requirement prior to the 2017 filing season.

You only need one bulk filing account. By sharing an FEIN, you may set up multiple sub users under one BEN.

2. W-2 Filing Requirements Questions

- How is the number of employees determined? Is it the number of W-2s or the active employees on 12/31?

The number of employees is determined by the total number of Iowa W-2s you have per withholding agent in all of 2016. If you have 50 or greater W-2s with Iowa withholding you are required to file electronically by January 31, 2017. Those employers with fewer than 50 W-2s with Iowa withholding are not required to file the W-2 information with IDR in 2017. A manual reporting option will be available to employers with fewer than 50 Iowa W-2s in 2018 when all Iowa W-2s must be filed electronically with Iowa.

- Does an employee with Iowa wages but claiming an exemption count towards the 50 or greater threshold for tax year 2016?

If you issue a W-2 for an Iowa employee, they would count toward the 50 employee threshold.

- We have employees from multiple states. The company will have more than 50 W-2s for the year, but not all are Iowa employees. Is this company required to e-file W-2s with Iowa?

For tax year 2016, if you have more than 50 employees with Iowa withholding, the company is required to e-file those W-2s with Iowa. For Tax year 2017, those employers with any Iowa W-2s will be required to file.

- If there is no withholding, do we need to file a W-2 with Iowa?

For tax year 2016, if you did not have any Iowa withholding there would be no need to file with Iowa. For tax year 2017, there will be a filing requirement for all Iowa W-2s.

- If we have less than 50 employees, do we need to report W-2s for tax year 2016, since paper forms are not accepted?

Employers with fewer than 50 Iowa W-2s may file electronically for tax year 2016 but are not required to do so. There are no other filing requirements for employers with fewer than 50 employees for tax year 2016.

- We file W-2s with the IRS. Do we now have to file W-2s with Iowa as well?

Yes.

- We have W-2s for both Iowa and other states. Do we send all the W-2s our company has or just the Iowa W-2s?

All W-2s will be accepted, even if not from Iowa. The Iowa W-2s are required.

- What is a withholding agent?

A withholding agent includes an employer or an entity that issues a W-2 or a 1099. If you would like more information, please refer to Iowa Code section 422.4(19) for the definition of "withholding agent."
<https://www.legis.iowa.gov/docs/code/422.4.pdf>.

- Does a withholding agent include sole proprietors who do not have payroll and who do not have withholding permits. Are they required to eFile 1099s for tax year 2017?

If they issue 1099s, they are required to eFile for tax year 2017.

3. 1099s *PLEASE NOTE: 1099s are not required to be filed until January 31, 2018*****

- Do we upload 1099s for the tax year 2016?

No one is required to submit 1099s this year. If you would like to electronically file 1099s on a voluntary basis in 2017, for tax year 2016, you may.

- If we have less than 50 1099s, do we need to send paper forms to Iowa?

Paper forms will not be accepted. 1099s do not need to be submitted to Iowa until January 31, 2018, for tax year 2017. At that time, all 1099s, regardless if there are 50 or less, must be submitted electronically even if there is no withholding. However, a manual entry option will be available in 2018.

- Please clarify - are 1099's required to be submitted ONLY if they have withholding. So if no tax withheld, they do not need to be reported. Correct?

That is incorrect. 1099s do not need to be submitted until January 31, 2018, for tax year 2017. At that time, all 1099s must be submitted even if there is no withholding.

- What are the 1099s required for tax year 2017, calendar year 2018?

The list of required 1099s is available on the Department website at:

https://tax.iowa.gov/sites/files/idr/documents/44082_1.pdf p. 4

Form 1099-B, Proceeds From Broker and Barter Exchange Transactions
Form 1099-C, Cancellation of Debt
Form 1099-DIV, Dividends and Distributions
Form 1099-G, Certain Government Payments
Form 1099-INT, Interest Income
Form 1099-K, Payment Card and Third Party Network Transactions
Form 1099-MISC, Miscellaneous Income
Form 1099-OID, Original Issue Discount
Form 1099-R, Distributions from Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.
Form W-2G, Certain Gambling Winnings

- If there is a client that does not have payroll or withholding but issues 1099s, do you have to apply for a BEN and permit just to report 1099s?

You are not required to file your 1099s until January of 2018. More information regarding the tax year 2017 (for January, 2018) 1099 filing requirements will be made available.

4. Can We File on Paper?

No. Iowa does not accept paper W-2s or 1099s in tax year 2016, or tax year 2017 and beyond. If you are not required to file electronically in for tax year 2016 because you do not meet the employee threshold, you do not need to file at all. However, you may voluntarily file electronically if you do not meet the employee threshold.

5. VSP Report Questions

- Please explain the VSP. Do small businesses need to file a VSP?

The VSP is a Verified Summary of Payments Report which shows the total Iowa income tax withheld that is on the W-2 forms and the 1099 forms for the year along with some credits. The VSP also has the withholding payments for the year.

All withholding agents need to file the VSP.

Iowa has required the VSP to be filed with the Department for a number of years. More information about the VSP is contained in Iowa Administrative Code r. 701-46.3(3)c, available at <https://www.legis.iowa.gov/docs/iac/rule/09-28-2016.701.46.3.pdf>

- Are there any exceptions for filing VSP reports?

There is no extension request form available for late filing the VSP.

- If we file electronically with the SSA/IRS do we still need to do VSP?

Yes.

- Does this replace the file for the annual VSP Report that we used to do?

No. Filing W-2s and 1099s with Iowa does not replace or retract the VSP Report requirement. You are still required to file the VSP, and W-2s (if you meet the requirements) for tax year 2016, and the VSP, W-2s and 1099s for tax year 2017.

6. Manual Filing Questions

- Can the W-2 information be manually input to Iowa?

Paper filings will not be accepted by the Department. Before January 31, 2018, for tax year 2017, we expect to have a manual entry option available for withholding agents with less than 50 employees.

- Will the manual submission option that is currently being developed allow for the saving of taxpayer information so that this information does not need to be re-input each year, and does this mean every inputter needs to set up an account to perform manual transmission?

The module for manual input has not yet been developed.

7. Testing Questions

- Where exactly do you upload a test file?

Options to submit W-2s and 1099s (on a voluntary basis for tax year 2016) appear on the Main Menu of Iowa's eFile & Pay system.

- How many times can we try the demo?

There are an unlimited number of times you can try the demo.

8. Software/Vendors Questions

- Do you know of any providers that are capable to transmit the W-2s?

Iowa has received inquiries from some of the larger payroll service providers and from some software vendors that license payroll software products. We believe payroll services and software vendors are aware of Iowa's e-filing requirements, but we do not know their capability to support Iowa. Employers should seek information directly from their service provider or software customer support concerning their capability to support e-filing W-2/1099 in accordance with the Department's Publication 44-082.

- What programs do we use to format the W-2 and 1099 files?

This depends on the size of your company. Larger companies with IT staff may opt to write their own programs to format these files. Mid-sized or small companies likely subscribe to payroll software or payroll services that will do this.

- I own an accounting firm and use QuickBooks. QuickBooks allows us to upload W-2s for our clients directly through them. Will QuickBooks upload directly to Iowa?

Intuit customer support can answer questions about QuickBooks.

- Will our 3rd party payroll providers be aware of the requirement to upload W-2s to Iowa? Or is the company responsible to let them know?

The payer/employer is accountable for W-2 Wage and Tax Statements being reported to Iowa. Those who delegate this to payroll service providers must determine whether or not that service provider can comply with Iowa requirements.

- Are there some instructions for our program (Eden) tech support to create the file to fit your format?

Iowa Department of Revenue Publication 44-082 provides file formatting specifications for software vendors. Publication 44-082 is available on the Department's website at https://tax.iowa.gov/sites/files/idr/documents/44082_1.pdf

- I file with BSO for the IRS - do I still need to file electronically with Iowa? BSO states in the past that I did not need to file with Iowa.

Even though you file with BSO for IRS, you must still file electronically with Iowa. The Internal Revenue Service (IRS) offers Combined Federal/State Filing program (CF/SF) for reporting certain information returns to both the IRS and state revenue agencies, but Iowa does not participate in it. Iowa needs this data

earlier than the IRS provides it to participating states. Also, Iowa applies business rules to Iowa data that the IRS doesn't.

- We use the SSA Business Services Online to file our W-2s electronically. Can this file be filed with Iowa?

The SSA prescribes the EFW2 format but does not require state data. Iowa begins with the SSA's EFW2 format and adds requirements for Iowa data as specified in Iowa Department of Revenue Publication 44-082.

- For those of us that have not yet electronically submitted W-2's or 1099's, where do we start? Software?

Start with your payroll software vendor. Ask your software customer support whether it supports e-filing W-2 or 1099 with Iowa. If you do not already use payroll software, look for payroll software that prepares these forms and e-files them with Iowa.

9. Filing Questions

- If we upload to FIRE for the IRS do we also have to upload to Iowa?

Yes. Uploading files to the IRS FIRE system does not meet the Iowa filing requirements. While similar to the IRS file format, Iowa has specific file formatting requirements designed to capture Iowa withholding information. This is why the same file cannot be uploaded in the IRS FIRE and Iowa eFile & Pay systems. Requirements for file uploads to the Iowa eFile & Pay system are outlined in the Department's Publication 44-082 online at <https://tax.iowa.gov/electronic-filing-w-2-wage-statements-and-1099-information-returns>.

- Why doesn't Iowa just get a download of the Iowa information from the SSA or Federal W-2 filing?

The Iowa W-2 filing requirement will help feed Iowa's fraud engine earlier in the filing process by obtaining information directly from payers.

- I do the payroll, our accounts payable person will do the 1099. Does she need to get a separate permission, or can I upload the 1099s for her?

1099s are not required to be filed until January 2018, for tax year 2017. The eFile & Pay system supports role-based security so the primary user can manage who within your business has access to which level of functionality.

- When transmitting, if there are errors, how soon are you notified and do the errors need to be resolved prior to January 31, 2017?

Processing results are given immediately upon file upload. If an error occurs, the results tell the cause. This will help you identify exactly what needs to be

remedied with your file for a successful upload. Errors must be resolved in order for a filing to be complete. Complete filing is due January 31, 2017.

- For bulk filing, we have multiple offices. Will each office get a bulk filing account? Then do you assign employees under the bulk filing account so each employee can log-in and work on their client?

Bulk filers are entities (payroll service providers, transmitters, and some accounting firms) that upload files on behalf of other employers/payers. Entities that upload their own company's files are not bulk filers. Security best practices require separate user credentials for every person who logs into eFile & Pay. Sharing login credentials among multiple individuals adds risk.

- Are the error reports emailed to you or do you log back into the system to see it?

Only the user who uploads a given file can see the results of the uploaded file. Results are immediate (within seconds). User can also log back in to check results later. No email is sent.

- We were two separate businesses at the start of the year with two different BENs. We have since combined. Do I need to submit reports for each BEN number? Is there a way to add one BEN number to another in order to submit these reports?

No, there is not a way to add one BEN to another. You should file your 2016 W-2 under the same BEN and Iowa Withholding Permit Number that you used when filing your 2016 Iowa Withholding returns.

- What kind of error messages will it give us?

Messages are listed within the W-2 and 1099 Data Edit Rules sections of Iowa Department of Revenue Publication 44-082. <https://tax.iowa.gov/electronic-filing-w-2-wage-statements-and-1099-information-returns>.

- How does Iowa get W-2 information if the withholding agent doesn't electronically submit it, doesn't send it on paper, and the SSA doesn't share that information?

Iowa doesn't get W-2 information from the employer any other way. That is why we have reinstated the requirement to send W-2 information to Iowa. This will help Iowa combat tax fraud.

- On one page it says "PRIOR to the last day of January" and on another page it says "by January 31st." Which is correct?

Timely electronically filing your W-2s means filing W-2s on or before January 31, 2017.

11. **Farmers**

- Will farmers with one employee need to get a BEN and submit W-2 electronically for tax year 2017?

For 2018, tax year 2017, if you issue a W-2 or a 1099 to any employees, then yes. A farmer with one employee would not need to file W-2s or 1099s electronically for tax year 2016.

- What about farmers that pay their spouses that don't take any withholding from their paychecks? And don't currently have BENs.

For 2018, tax year 2017, if the farmer should be withholding from their spouse, they will have to register for a BEN and electronically file a W-2. To determine whether or not a W-2 or 1099 should be issued, please refer to this link: <https://tax.iowa.gov/employers-do-you-have-employees-or-independent-contractors>.

- We have many farmers who do not have a BEN because they have no withholding. Do you have a deadline for when you will decide if these need to be filed for tax year 2017 as a significant amount of time will be required to get these BEN numbers.

For 2017, tax year 2016, if the farmer has no withholding, they do not need to electronically file. For 2018, tax year 2017, the farmer will need to file.

12. **Bulk Filers**

- What is a bulk filer?

A bulk filer is a person who performs tax reporting and paying services for multiple clients.

13. **W-2Cs**

- If you have to correct a W-2 will it be done electronically also?

Iowa is not accepting W-2Cs (a corrected W-2) at this point.

- If there is a large error on a W-2, are you saying that it does not need to be corrected at all?

For this year, tax year 2016, tax year 2017, it does not need to be corrected.

- Will Iowa have a mechanism to submit an electronic W-2C and corresponding transmittal form?

Iowa intends support electronic W-2Cs in 2018, for tax year 2017, but will not support it for tax year 2016. The transmittal form is integrated into the uploaded file; it is not sent separately.

14. General Questions

- Do I need to re-subscribe for the Iowa email subscriptions if I have been getting them in the past?

No, although you might want to make sure you have subscribed to all the newsletters you are interested in receiving.

- If an employer requests an extension to file W-2s, does that delay any refund due to employees?

It is possible that refunds to employees could be delayed without the employer's W-2 files. We utilize all available resources to ensure the protection of your employees' identity and to protect the State from issuing fraudulent refunds.